

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCTS PRICE CHANGES
RATES OF GENERAL APPLICABILITY

Docket No. CP2012-2

**NOTICE OF THE UNITED STATES POSTAL SERVICE
OF FILING SUPPLEMENTAL INFORMATION WITH PORTIONS UNDER SEAL
IN RESPONSE TO COMMISSION ORDER NO. 997**

(December 5, 2011)

The United States Postal Service hereby gives notice of filing supplemental information in response to Commission Order No. 997 (November 23, 2011). In its Order, at pages 5-7, the Commission requested additional information via four questions. In addition to public responses filed for Questions 1-4, portions of the responses for Questions 1(a), 1(c), 2, and 3 are filed under seal, and an application for non-public treatment of that information is attached. Redacted versions are being concurrently filed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product Support

Anthony Alverno
Chief Counsel, Global Business & Service
Development

Elizabeth A. Reed

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3179, Fax -6187
December 5, 2011

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

1. Please refer to the redacted tables attached to the Filing, which present Competitive Product Contribution & Cost Coverage Analysis” for FY 2012 “January 22, 2011 Implementation” and “October 3, 2011 Implementation.”
 - a. Provide FY 2012 volumes, revenues, attributable costs, contribution, and cost coverage data similar to that provided in Docket No. CP2011-26 to support all data in both the redacted and unredacted tables.
 - b. Provide a narrative explaining the method used to forecast data in the referenced tables.
 - c. Provide attributable costs, revenues, and volumes data for each product grouped in “Competitive International (including Services)” at the same level of detail provided for all other competitive products in this docket. For each of these international products, explain how the expected revenues and costs comply with 39 U.S.C. 3633(a).
 - d. Please explain how the price adjustments for Parcel Select are consistent with 3633(a) and Docket No. MC2011-22, Order No. 689.

RESPONSE:

(a-c). Please see the attached Excel files (filed under seal). A table listing all of the files and a flowchart that demonstrates the interrelationships of the enclosed workbooks are also attached therein.

The revenue and volume forecast in support of the competitive rate increase is based on an update of the econometric demand analysis filed with the Commission on January 20, 2011, which complied with Commission Rule 3050.26.

The Before Rates forecast (FY2011Q3V33BRFFM.xls) shows volume results assuming no price increase. The After Rates forecast (FY2011Q3V33ARJanFFM.xls) assumes price increases are implemented on January 22, 2012. The After Rates-Comp forecast (FY2011Q3V14ARCompFFM.xls) assumes the competitive price changes are implemented on October 3, 2011, and is provided solely to demonstrate the effect of the

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

rate changes for a full year. The After Rates-All forecast (FY2011Q3V33AROctFFM.xls) assumes all rate changes were implemented on October 3, 2011 and is provided solely to demonstrate the effect of the price changes for a full year.

The Postal Service also used the Cost Factor Development and Product Cost & Contribution Estimation (PCCE) models to provide estimates of FY 2012 operating results. These estimates include the summary contribution, unit cost by class of mail, unit cost by function, and cost reduction summaries.

Estimating the Postal Service's costs in the year 2012 is accomplished by:

1. Identifying and quantifying costs in the FY 2010 Annual Compliance Determination (ACD) base year;
2. Projecting or "rolling forward" costs for the FY 2011 interim year and FY 2012 at current rates; and
3. Adjusting FY 2012 year cost estimates for the volume effects of the proposed rate changes in that year.

The results of this process produced "Current Price" contribution estimates for FY 2012 and "New Prices" contribution estimates for FY 2012.

All Competitive International products (including services) were calculated separately by the "International Product Cost and Contribution Estimation Model" because the PCCE models do not accommodate international products at that level at this time. As noted in POIR No. 1, Question 4, in Docket No. R2010-4, the International Product Cost and Contribution Estimation Model disaggregated the International cost, revenue and volume results to individual products.

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

The cost coverages for Competitive Post Office Box service were developed using methodologies already submitted to and approved by the PRC. Revenues were calculated by prorating the FY 2012 forecast of total Post Office boxes in the same manner as the CAPCALC-SpecServ-R2012-3 Revised.xls file ("PO Boxes" tab) in Docket No. R2012-3. The calculation of attributable costs for FY 2012 competitive is based on the same method used in Docket No. ACR2010, USPS-FY10-NP26, in Competitive P. O. Box Attributable Costs 2010.xls. The FY 2012 forecast for Post Office Box service costs from our PCCE models have been prorated based on the "Comp &MD PO Box Cost" tab.

- d. The Postal Service assumes the intended reference was Docket No. MC2010-36. In that Docket, Order No. 689 stated:

The Commission will authorize the transfer subject to the following conditions: (1) the Postal Service files a notice of competitive price adjustment for Parcel Select rates, including Lightweight Parcel Select parcels, that demonstrates such rates satisfy 39 U.S.C. 3633(a) and 39 CFR part 3015; (2) the Commission issues an order finding that the Parcel Select rates in (1) above satisfy 39 U.S.C. 3633 (a) and 39 CFR part 3015; and (3) the Standard Mal Parcels transfer authorized by this Order is not effective until the effective date of prices authorized in (b) above.

The Postal Service has filed a notice of a competitive price adjustment for Parcel Select rates that demonstrates in the financial forecast that the proposed price increases ensure that Parcel Select as a whole covers its costs, which meets the Commission's requirements.

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

2. Please refer to Governors' Decision No. 11-8. The Postal Service provides overall price increases for the following products: Express Mail 3.3 percent, Priority Mail 3.1 percent, Parcel Select 8.5 percent, Parcel Return Service 4.6 percent, First-Class Package Services 3.7 percent, Premium Forwarding Service 3.4 percent, Address Enhancement Service 7.3 percent, Global Express Guaranteed 6.0 percent, Express Mail International 11.6 percent, Priority Mail International 8.7 percent, International Priority Airmail 1.0 percent, International Surface Airlift 13.7 percent, Airmail M-Bags 3.5 percent, International Ancillary Services 5.0 percent, and international money orders 4.7 percent. Please describe the weights used to derive the Before Rates and After Rates indices relied upon to calculate the overall (average) percentage price increase for each product and service referenced above similar to the supplemental data filed in Docket No. CP2011-26. *Id.* Please show all calculations in Excel, and explain any adjustments made due to classification changes.

RESPONSE:

Please see the attached Excel files. The following contains the narrative discussion for each product:

Express Mail

The attached Excel file, "EM CP2012-2 Order Number 997.xls," shows the overall average price increase calculations of 3.4 percent for Express Mail in cell I11 in the worksheet <Control for Express Mail> for 2012. This is a slight correction from what was provided initially (3.3 percent). The percentages are derived by calculating the percent change between "After Rates" revenue (at 2012 prices) for three categories of Express Mail and "Before Rates" revenue (at current prices) for the three categories of Express Mail, using FY 2010 Express Mail billing determinants for a "fixed weight" calculation methodology. The FY 2010 billing determinants are provided in worksheet, "<2010 Billing Determinants>." The "After Rates" revenue calculations are provided in the following worksheets: "<After Rates EM Retail, After Rates EM Commercial Base, and After Rates EM Commercial Plus>." The "Before Rates" revenue calculations are

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

provided in the following worksheets: “<Before Rates EM Retail, Before Rates EM Commercial Base, and Before Rates EM Commercial Plus>.”

Express Mail Flat Rate Box will be offered as a new product offering for Express Mail in January 2012. As a result, there are no current corresponding volume data in the FY 2010 billing determinants. Finally, the 2012 proposed prices for Express Mail Retail, Express Mail Commercial Base, and Express Mail Commercial Plus are given in the worksheets, “<After Rates EM Retail, After Rates EM Commercial Base, and After Rates EM Commercial Plus>.”

Priority Mail

The overall average price increase calculation for Priority Mail, 3.1 percent, is demonstrated in Excel file DocketCP2012-26CIR#2-PM.xls. The final calculation is found in cell D6 on the “Total” tab. This is a weighted average, by revenue, of three price components: Retail, Commercial Base and Commercial Plus. The revenue is based on FY10 volume at current prices. These weights are applied to separate average-price-increase calculations for Retail (cell Z91 on the “Retail” tab), Commercial Base (cell AA91 on the “Comm Base” tab) and Commercial Plus (cell AA93 on the “Comm Plus” tab). Those calculations, in turn, are weighted averages, by baseline (Before Rates) revenue, of the percent price change in each rate cell. (This is a “fixed-weight” calculation methodology.) Baseline revenue, in turn, is equal to the sum of all baseline prices multiplied by billing determinants volume. FY 2011 billing determinants were not yet available; therefore, FY 2010 billing determinants were used.

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

Parcel Select

The attached Excel files, “PSDEJan2012PRC7.1.xls”, “PSNonDEJan2012PRC0.9” and “PSLWJan2012PRC8.9” show the overall average price increase calculations for Destination Entry, Non Destination Entry and Lightweight Parcel Select, respectively. For Destination Entry, the total price change is shown in the worksheet “<Price Change Summary>” in cell D15; for Non Destination Entry, the price change is shown in the worksheet “<Summary>” in cell G8 and the corresponding number for Lightweight Parcel Select is shown in cell J7 in the worksheet also named “<Summary>” (but located in the “PSLWJan2012PRC8.9” Excel File). The overall Parcel Select price change of 8.5 percent is shown in the “PSLWJan2012PRC8.9” Excel file in the “<Summary>” worksheet in cell J11. This has been derived by calculating the percent change between “After Rates” revenue (at 2012 prices) and “Before Rates” revenue (at current prices), utilizing FY 2010 Parcel Select billing determinants for a “fixed weight” calculation methodology. The FY 2010 billing determinant volumes are also provided in the corresponding Excel Files.

Parcel Select – Regional Ground did not exist as a category in 2010. As a result, there are no volume data in the FY 2010 billing determinants. Proposed prices are the only data provided and can be found in the Excel File “PSNonDEJan2012PRC0.9” in the worksheet, “<Regional Ground>”. Also for Parcel Select – Regional Ground, service for Zones 4 through 8 has been eliminated for 2012 and no prices have been developed for these Zones.

Parcel Select – Lightweight has been included in this analysis as a result of a proposed move from Market Dominant (Standard Mail Parcels – Machinable and

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

Irregular) to Competitive in 2012. In addition to the move from Market Dominant to Competitive, the pricing structure has been changed from piece/pound to ounce based weight cell increments. In order to accommodate this change, current prices and 2010 billing determinant volumes have been retroactively adjusted (maintaining constant 2010 volumes and calculated revenues) to reflect the revised pricing structure.

Parcel Return Service

The attached Excel file, “PRS CP2012-2 Order Number 997.xls,” shows the overall average price increase calculations (worksheet <PR*S* 2012>) for Parcel Return Service in cell K171 for RDU (8.9%), cell M171 for RNDC (0.0%), and cell M172 (4.6%) for total Parcel Return Service. These calculations are also summarized in the worksheet, “<PR*S* Summary>” (cell I15 for RDU, cell I19 for RNDC, and cell I23 for total Parcel Return Service). The percentages are derived by calculating the percent change between “After Rates” revenue (at 2012 prices) and “Before Rates” revenue (at current prices), using FY 2010 Parcel Return Service billing determinants for a “fixed weight” calculation methodology. The FY 2010 billing determinants are provided in worksheet, “<PR*S* 2012>.” The “After Rates” and “Before Rates” revenue calculation references are cited in both worksheets.

RSCF will be offered as a new price category for Parcel Return Service. As a result, there are no current corresponding volume data in the FY 2010 billing determinants. Proposed prices are the only data provided in worksheet, “<PR*S* 2012>” (cells H11-H83).

First-Class Package Service

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

The attached Excel file, "FCPSJan2012PRC3.7.xls," shows the overall average price increase calculation (worksheet "<2010 BDs>") for First Class Package Services in cell M75. This is derived by calculating the percent change between "After Rates" revenue (at 2012 prices) and "Before Rates" revenue (at current prices), utilizing FY 2010 First Class Package Services billing determinants for a "fixed weight" calculation methodology. The FY 2010 billing determinants are provided in the same worksheet. Current and Proposed 2012 prices are provided in worksheet "<Price Change Summary>".

First Class Mail – Commercial Plus Parcels did not exist as a category in 2010. As a result, there are no current corresponding volume data in the FY 2010 billing determinants. Proposed prices are the only data provided in worksheet, "<Price Change Summary>".

Premium Forwarding Service; Address Enhancement Service

The attached Excel file, "SS CP2012-2 Order Number 997.xls," shows the overall average price increase calculations for Address Enhancement Services (AES) and Premium Forwarding Service (PFS) in the "Price Change Calculations" worksheet. The overall increase in both cases is slightly lower than what was submitted originally (7.2 percent vs. 7.3 percent for AES; 3.0 percent vs. 3.4 percent for PFS). The original figures were not volume weighted.

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

Global Express Guaranteed

The attached Excel file, CP2012-2-GXG.xls, shows the 6.0 percent weighted average price increase calculation for Global Express Guaranteed (GXG) in cell J79 of the “GXG PRICE INCREASE” tab. This percentage is derived by calculating the percent change between After Rates total revenue and Before Rates total revenue using the FY 2010 GXG billing determinants.

Express Mail International

The attached Excel file, CP2012-2-EMI.xls, shows the 11.6 percent weighted average price increase calculation for Express Mail International (EMI) in cell L79 of the “EMI PRICE INCREASE” tab. This percentage is derived by calculating the percent change between After Rates total revenue and Before Rates total revenue using the FY 2010 EMI billing determinants.

Priority Mail International

The attached Excel file, CP2012-2-PMI.xls, shows the 8.7 percent weighted average price increase calculation for Priority Mail International (PMI) in cell L82 of the “PMI PRICE INCREASE” tab. This percentage is derived by calculating the percent change between After Rates total revenue and Before Rates total revenue using the FY 2010 PMI billing determinants.

International Priority Airmail; International Surface Airlift

The attached file ISAL-IPA Rate Increase Analysis_2011.12.05.xls demonstrates the overall average increase of 6.9 percent in Excel cell E24 of the “Summary” tab. This

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

is a weighted average of the change in revenue of all IPA and ISAL products offered, as detailed on the same tab.

These changes were calculated by comparing Gross 2011 Revenue with Gross 2012 Revenue. Total Projected 2011 Volume, based on 12 months of PostalOne data from June 2010- May 2011 and shown in tab “Inputs”, was applied against 2011 Published Rates and against 2012 Proposed Published Rates to provide an accurate basis of comparison.

The attached file ISAL-IPA Rate Increase Analysis_2011.12.05.xls shows that all else remaining equal, the proposed 2012 Published Rates represent an increase of 13.7 percent for ISAL products and 1.0 percent for IPA products. This amounts to a 6.9 percent increase in Total Revenue and Cost Coverage for all ISAL and IPA Products.

Airmail M-Bags

The attached Excel file, CP2012-2-MBAG.xls, shows the 3.4 percent weighted average price increase calculation for Airmail M-Bags in cell N14 of the “AIRMAIL M-BAGS PRICE INCREASE” tab. This percentage is derived by calculating the percent change between After Rates total revenue and Before Rates total revenue using the FY 2010 Airmail M-Bag total weight from the FY 2010 International Cost and Revenue Analysis Report (ICRA).

The 3.5 percent increase reported in Governors’ Decision No. 11-8 used the FY 2010 Airmail M-Bag volume by rate group from the FY 2010 ICRA Report. Since Airmail M-Bag pricing is based solely on weight, the percent increase should have

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

incorporated the Airmail M-Bag total weights by rate group instead of the total volumes by rate group that were originally used to derive the 3.5 percent figure.

International Ancillary Services; International Money Orders

The attached Excel file, CP2012-2-INTL SPECIAL SVCS, shows the 5.0 percent weighted average price increase calculation for the International Special Services in cell H22 of the "INTL SPECIAL SVCS" tab. This percentage is comprised of the 5.0 percent increase for the International Ancillary Services and the 4.7 percent increase for International Money Orders. The "PMI INSURANCE" tab provides a detailed summary of the 5.3 percent increase for Priority Mail International Insurance. This percentage is derived by calculating the percent change between After Rates total revenue and Before Rates total revenue using the FY 2010 PMI insurance transaction volumes at each indemnity level.

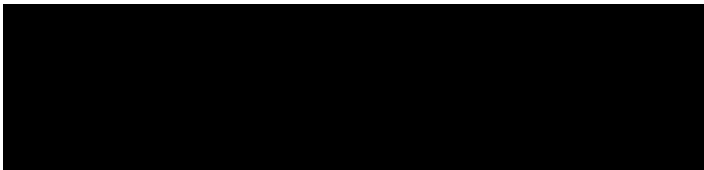
SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

3. Please provide the specific prices assigned to the competitive Semi-Annual Fees for each Box Size and Fee Group. (Attachment at 141.)

RESPONSE:


The Postal Service does not wish to provide early notice (to its competitors) of the exact competitive prices that will be implemented on January 22. Instead, the Postal Service plans to follow the practice established in Docket No. CP2011-26. In that docket, the Postal Service filed a price range for competitive Post Office box service, without specific prices, and then, a few weeks before implementation, announced the specific prices in both a Postal Bulletin notice and a letter to the Commission.

Nonetheless, the Postal Service is willing to provide the specific prices at this time, but under seal. For fee group C1, the Postal Service plans to charge one of the following prices, depending on the conditions at each of the specific locations assigned to the fee group, and the box size.

Box Size				
1	2	3	4	5
				

For fee groups C2 through C7, the Postal Service plans to charge one of the following prices for each box size, depending on conditions at each specific location assigned to the fee group.

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

	Box Size				
	1	2	3	4	5
C2					
C3					
C4					
C5					
C6					
C7					

SUPPLEMENTAL INFORMATION PROVIDED
BY THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO COMMISSION ORDER NO. 997

4. The following refers to Note 3 at 142. Please clarify what is meant regarding the portion of the fee that “may serve as postage on packages delivered to competitive Post Office box service customers after being brought to the Post Office by a private carrier.”

RESPONSE:

Some competitive Postal Service locations will receive packages from private carriers (if addressed to the street address of the Post Office location, along with the customer’s box number), and then deliver the packages to the customer’s Post Office box. Payment for this delivery will come out of the Post Office box fees at that office, reflecting a “recipient pays” model for postage payment.

Postal Service delivery of private carrier packages to Post Office boxes will provide a service frequently requested by Postal Service customers, and will also benefit private carriers, as well as merchants whose customers use a Post Office box. Some eCommerce merchants will not ship to a PO Box address. This enhancement will allow PO Box customers to receive shipments from all carriers. Our competitors emphasize that they accept shipments from all private carriers when they promote their mailbox services. This is clearly an option sought by customers of private mailbox providers.

ATTACHMENT 1

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed under seal with the Commission. The materials consist of spreadsheets that contain calculations to determine the weighted average price increase for each competitive product within the scope of Docket No. CP2012-2, and the Post Office Box service prices provided in response to question 3 from Order No. 997. The Postal Service is concurrently filing a redacted version of the documents responsive to the Commission's request for supplemental information.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The materials designated as non-public consist of information of a commercial nature that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).¹ Because the portions of the materials that the Postal Service is applying to file only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the

¹ In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

The Postal Service believes that no third parties have a proprietary interest in the redacted materials.

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

In connection with this application, the Postal Service has filed information concerning the calculations used to develop the weighted average price increase by product. Protected information in the spreadsheets includes volume and revenue by price cell (weight increment and zone or country group). Such information for competitive product categories is commercially sensitive at the disaggregated, cell-specific level shown in the spreadsheets. The Postal Service is also claiming protection for the specific Post Office Box service prices that fall within the publicly-specified price ranges included in Governors' Decision No. 11-8.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the information that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the

disaggregated revenue and volume information to analyze the Postal Service's possible market strengths and weaknesses and to focus sales and marketing efforts on those rate cells where the Postal Service has considerable traffic, to the detriment of the Postal Service. Early access to Post Office Box service prices by competitors would allow competitive responses intended to attract actual or potential Postal Service customers, leading to loss of contribution.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Harm: Competitors could use disaggregated product volume and revenue distribution information, and Post Office Box service prices, to assess vulnerabilities and focus sales and marketing efforts to the Postal Service's detriment.

Hypothetical: Disaggregated revenue and volume information is released to the public.

Another delivery service's employee monitors the filing of this information and passes the information along to its sales and marketing functions. The competitor assesses the lucrativeness of certain services by weight increment and zone or country group, or the Postal Service's relative concentration in certain service offerings. The competitor then targets its advertising and sales efforts at actual or potential customers in market segments where the Postal Service appears to have made headway, hindering the Postal Service's ability to reach out effectively to these customers.

Second Hypothetical: Post Office Box service prices are released to the public now. A private mailbox service provider sees that Postal Service prices will be moving up to only 20 percent less than the private provider's prices. The private mailbox provider temporarily lowers its prices to attract Postal Service customers away. Early access to the prices gives time to advertise fully to Postal Service customers of the more attractive prices.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the portions of the materials filed non-publicly and relating to competitive products should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products (including private sector integrators, foreign postal administrations, and private mailbox providers), as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for these or similar products should not be provided access to the non-public materials.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30. The Post Office Box service pricing information will be made available to the general public in early to mid-January.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.